



COMPLIANCE AND CONTROL AUDIT REPORT

Conservation Commission

**A Report to the Legislative Post Audit Committee
By the Legislative Division of Post Audit
State of Kansas
April 2004**

Legislative Post Audit Committee

Legislative Division of Post Audit

The **Legislative Post Audit Committee** and its audit agency, the **Legislative Division of Post Audit**, are the audit arm of Kansas government. The programs and activities of State government now cost about \$9 billion a year. As legislators and administrators try increasingly to allocate tax dollars effectively and make government work more efficiently, they need information to evaluate the work of government agencies. The audit work performed by Legislative Post Audit helps provide that information.

We conduct our audit work in accordance with applicable government auditing standards set forth by the U. S. General Accounting Office. These standards pertain to the auditor's professional qualifications, the quality of the audit work, and the characteristics of professional and meaningful reports. These audit standards have been endorsed by the American Institute of Certified Public Accountants and adopted by the Legislative Post Audit Committee.

The Legislative Post Audit Committee is a bipartisan committee comprising five senators and five representatives. Of the Senate members, three are appointed by the President of the Senate and two are appointed by the Senate Minority Leader. Of the representatives, three are appointed by the Speaker of the House and two are appointed by the House Minority Leader.

As part of its audit responsibilities, the Division is charged with meeting the requirements of the Legislative Post Audit Act which address audits of financial matters. Those requirements call for two major types of audit work.

First, the Act requires an annual audit of the State's financial statements. Those statements, prepared by the Department of Administration's Division of Accounts and Reports, are audited by a certified public accounting firm under contract with the Legislative Division of Post Audit. The firm is selected by the Contract Audit Committee, which comprises three members of the Legislative Post Audit Committee (including the Chairman and Vice-

Chairman), the Secretary of Administration, and the Legislative Post Auditor. This audit work also meets the State's audit responsibilities under the federal Single Audit Act.

Second, the Act provides for a regular audit presence in every State agency by requiring that audit work be conducted at each agency at least once every three years. Audit work done in addition to the annual financial statement audit focuses on compliance with legal and procedural requirements and on the adequacy of the audited agency's internal control procedures. These compliance and control audits are conducted by the Division's staff under the direction of the Legislative Post Audit Committee.

LEGISLATIVE POST AUDIT COMMITTEE

Senator Derek Schmidt, Chair
Senator Bill Buntin
Senator Anthony Hensley
Senator Dave Kerr
Senator Chris Steineger

Representative John Edmonds, Vice-Chair
Representative Tom Burroughs
Representative Bill McCreary
Representative Frank Miller
Representative Dan Thimesch

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Barbara J. Hinton, Legislative Post Auditor

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April 20, 2004

To: Members, Legislative Post Audit Committee

Senator Derek Schmidt, Chair
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Senator Dave Kerr
Senator Chris Steineger

Representative John Edmonds, Vice-Chair
Representative Tom Burroughs
Representative Bill McCreary
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This report contains the findings, conclusions, and recommendations from our completed compliance and control audit of the Conservation Commission.

We would be happy to discuss these findings, conclusions, or any other items in the report with any legislative committees, individual legislators, or other State officials.

A handwritten signature in black ink, reading "Barbara J. Hinton". The signature is written in a cursive, flowing style.

Barbara J. Hinton
Legislative Post Auditor

Get the Big Picture

Read these Sections and Features:

1. **Executive Summary** - an overview of the questions we asked and the answers we found.
2. **Conclusion and Recommendations** - are referenced in the Executive Summary and appear in a box after each question in the report.
3. **Agency Response** - also referenced in the Executive Summary and is the last Appendix.

Helpful Tools for Getting to the Detail

- In most cases, an “**At a Glance**” description of the agency or department appears within the first few pages of the main report.
- **Side Headings** point out key issues and findings.
- **Charts/Tables** may be found throughout the report, and help provide a picture of what we found.
- **Narrative text boxes** can highlight interesting information, or provide detailed examples of problems we found.
- **Appendices** may include additional supporting documentation, along with the audit **Scope Statement** and **Agency Response(s)**.

EXECUTIVE SUMMARY

LEGISLATIVE DIVISION OF POST AUDIT

Has the Conservation Commission Provided Adequate Oversight for Local Spending of Grants?

The Conservation Commission had adequate procedures to ensure that local grant moneys were spent appropriately. The Commission makes grants to conservation districts and landowners for such things as district operating expenses and installation of wastewater systems. page 3

Appendix A: Agency Response page 4

This audit was conducted by Randy Tongier. If you need any additional information about the audit's findings, please contact Mr. Tongier at the Division's offices. Our address is: Legislative Division of Post Audit, 800 SW Jackson Street, Suite 1200, Topeka, Kansas 66612. You also may call us at (785) 296-3792, or contact us via the Internet at LPA@lpa.state.ks.us.

Conservation Commission

The Legislative Division of Post Audit has conducted compliance and control audit work at the Conservation Commission. Compliance and control audits can identify noncompliance with applicable requirements and poor financial-management practices. The resulting audit findings often identify needed improvements that can help minimize the risk of potential future loss or misuse of State resources.

At the direction of the Legislative Post Audit Committee, this audit focused on the Commission's oversight of grants to local organizations. The audit addresses the following specific question:

Has the Conservation Commission provided adequate oversight for local spending of grants?

To answer this question, we reviewed applicable statutes and regulations, and identified standard grant oversight practices. We also interviewed appropriate Commission staff members, and reviewed grant files and records.

In conducting this audit, we followed all applicable government auditing standards.

Conservation Commission AT A GLANCE

Authority: Created by K.S.A. 2-1904.

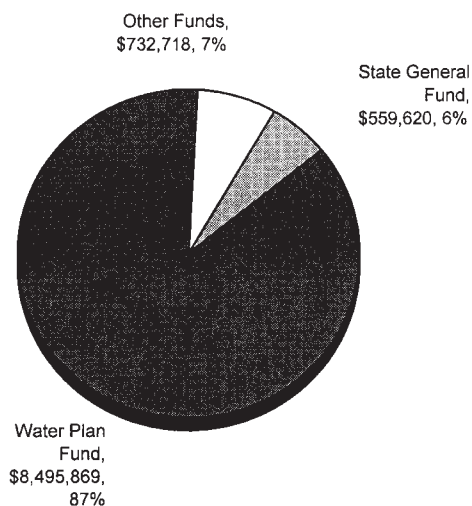
Staffing: The Commission has 16.5 full-time-equivalent positions.

Budget: The Commission's major funding comes from the State Water Plan Fund. The Authority also receive moneys from other sources, including federal grants and the State General Fund. For fiscal year 2003, the Authority took in and spent about \$10 million as shown below. Most of the expenditures were payments to support local conservation projects and practices.

FY 2003 Expenditures

<u>Type</u>	<u>Amount</u>	<u>% of Total</u>
Assistance for Local Conservation Projects and Practices	\$6,372,410	65%
Aid to Local Governments	\$1,678,270	17%
Contractual Services	\$1,047,760	11%
Salaries and Wages	\$660,746	7%
Commodities	\$17,985	0%
Capital Outlay	\$11,036	0%
Total Expenses:	\$9,788,207	100%

Sources for Funding for Expenditures



Total Funding: \$9,788,207

Source: *The Governor's Budget Report*, Vol. 2, FY 2003.

Has the Conservation Commission Provided Adequate Oversight for Local Spending of Grants?

The Conservation Commission's procedures for overseeing how local organizations and other grant recipients spent grants received from the Commission were well designed and operating effectively during the period we reviewed. These findings are discussed in more detail in the sections that follow.

The Conservation Commission Had Adequate Procedures To Ensure Local Grant Moneys Were Spent Appropriately

The Conservation Commission is responsible for developing and implementing procedures to ensure that local organizations and other grantees spend grant moneys received from the Commission appropriately. The Commission makes grants to conservation districts and local landowners to fund such things as district operating expenses, installation of wastewater systems, and other conservation-related projects or practices.

To help ensure that the local organizations and landowners spend those moneys properly, the Commission should do the following:

- identify the applicable programs for the grantees and indicate whether any federal funds are involved
- inform grantees about applicable compliance requirements
- monitor grantees' spending of grant moneys
- respond appropriately to any problems found with the grantees

To identify and evaluate the procedures used by the Commission, we interviewed Commission staff, reviewed applicable accounting records and files, and tested a sample of grants to local organizations and landowners. Our review focused on the three largest Commission programs—Water Resources Cost-Share Grants, Non-Point Source Pollution Grants, and Aid to Conservation Districts. The Commission's monitoring activities adequately address all of the above aspects of ensuring appropriate spending by grantees.

APPENDIX A

Agency Response

On April 8, 2004, we provided a copy of the draft audit report to the Conservation Commission. The Commission indicated by phone that it had no additions, corrections, or clarifications to the draft report.